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STATE FOR NEA/ELA AND EEB/TTP/ABT
STATE PASS EXIM
STATE PASS SMALL BUSINESS ADMINISTRATION FOR INTERNATIONAL
FAS FOR OFFICE OF GLOBAL ANALYSIS
FAS FOR OFFICE OF TRADE PROGRAMS
FAS FOR GRAIN & FEED DIVISION

E.O. 12958: N/A

TAGS: [EAGR](#) [EAID](#) [ECON](#) [JO](#)

SUBJECT: JORDAN IN NEED OF GSM-102 PROGRAM OR OTHER EXPORT CREDIT
ASSISTANCE TO PURCHASE U.S. WHEAT

REFS: A) AMMAN 4575, B) AMMAN 3755, C) AMMAN 3584

¶1. This message contains an action message for the U.S.
Export-Import Bank, the Small Business Administration, and USDA.
Please see paragraphs 3 and 6.

¶2. Ministry of Industry and Trade (MoIT) Secretary General
Montasser Oklah told EmbOffs and visiting representatives from the
Foreign Agricultural Service on November 12 that Jordan consumes
700,000 tons of wheat annually, is seeking to increase its strategic
wheat reserves from three months to six months, and because of both
rising grain and transportation costs, has already exceeded the 2007
budget. As a result, Jordan is examining all options for purchasing
wheat, barley, and other feed grains, and is particularly interested
in USDA's GSM-102 program, as well as programs available through the
Export-Import Bank and the Small Business Administration.

¶3. ACTION REQUESTED: Pending passage of the Farm Bill, which Post
understands will authorize the GSM program and enable USDA to
announce it, Post asks that other export credit agencies including
EX-IM and SBA examine options for extending lines of credit for
Jordanian purchases of American wheat through MoIT - currently the
only supplier of wheat and barley in the country - to meet Jordan's
immediate needs.

¶4. It is in the U.S. national interest to assist Jordan, a
steadfast U.S. ally bordering three areas posing significant policy
challenges to the U.S.: Israel/West Bank, Iraq, and Syria. The
Jordanian Government is a strong public and private supporter of
U.S. efforts to revitalize Israeli-Palestinian peace efforts, and
has assisted U.S. efforts in Iraq. The GOJ also maintains a strong
interest in combating Islamic extremism, and has actively supported
religious tolerance and moderation.

¶5. Inclusion in an export credit program would also give Jordan the
fiscal space necessary to continue its economic reform programs.
Plans are in place to eliminate fuel and grain subsidies by spring
2008, but current needs, coupled with rising grain and fuel prices,
would negate any budget savings the end of subsidies would offer.
Such a program would also reintroduce American suppliers to the
local market. Jordan prefers U.S. wheat, but high prices and
shipping costs have forced the GOJ to look elsewhere and it recently
signed an agreement with Kazakhstan paying \$120/ton, a significant
savings from the \$200/ton the GOJ pays for American wheat.
Additionally, an export credit program would provide a vehicle for
U.S. banks to enter the Middle East. FAS representatives met with
four local banks November 12 and 13, and all were eager to partner

with American financial institutions.

¶6. NOTE FROM FAS CAIRO: FAS Cairo hopes that USDA will consider increasing the scope of the GSM program in the region. We understand that as presently written, only \$50 million is authorized for the entire Middle East. With world grain prices remaining high and credit tightening globally, we would recommend at least \$350 million for this part of the world.
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HALE